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SPECIAL PROGRAMMES OF ASSISTANCE

Matters relating to the least developed countries

Report of the Administrator

I. INTRODUCTION

1. In its decision 91/16 of 25 June 1991, the Governing Council requested the Administrator to inform the Council at its fortieth session of the specific measures that UNDP has taken to address the needs and priorities of the least developed countries (LDCs), taking into account the Programme of Action for the least developed countries for the 1990s, adopted in September 1990 by the Second United Nations Conference on the least developed countries, Council decision 90/34 and the recommendations of the evaluation, carried out in 1990-1991, of the contribution of UNDP to strengthening the capacity of LDCs for economic management and aid coordination.

2. The activities of UNDP in the LDCs and its efforts to implement the Programme of Action should be looked at in the context of the overall situation of LDCs. After a decline in 1991, the gross domestic product (GDP) of the 47 LDCs recovered only slightly in 1992; in fact, in all three years since 1989, the rate of increase in GDP has been less than that of the population so that per capita GDP has fallen. Terms of trade for these countries have declined since 1980 and are now 20 per cent lower than a decade ago. Their external indebtedness has remained steady (at about $113 billion in 1991) while, in real terms, neither the Official Development Assistance (ODA) received by these countries nor the total net flow of resources to them has increased in recent years.

3. In this context, it appears particularly important that UNDP, and indeed all aid organizations, strengthen their efforts in favour of the development of LDCs. UNDP has, over the last decades, continuously increased the proportion of

its core resources allocated to LDCs. While resources are obviously important, more than just financing is required; there is also a need to review ongoing efforts with a view to increasing their effectiveness for the benefit of LDCs.

4. UNDP activities in LDCs cover many facets of economic and social development; however, two aspects are particularly important and have been retained by UNDP management as priorities for UNDP support to LDCs: (a) aid coordination and economic management and (b) human development. Accordingly, the present report of the Administrator, prepared in response to paragraph 4 of Governing Council decision 91/16 of 25 June 1991 makes specific references to the financial contribution of UNDP to the development of LDCs (section II); aid coordination and economic management (section III); and human development (section IV). The present report complements that on the role of UNDP in the implementation of the United Nations New Agenda for the development of Africa in the 1990s (DP/1993/17) which covers the issues of the African region, where most LDCs are located.

II. FINANCIAL CONTRIBUTIONS OF UNDP

5. In its decision 90/34 of 23 June 1990, the Governing Council decided that 55 per cent of the programme resources available during the fifth programming cycle (1992-1996) would be allocated to LDCs. To this financing is added other non-indicative planning figure (IPF) resources, such as those of the United Nations Sudano-Sahelian Office and the United Nations Capital Development Fund (UNCDF), whose resources are mostly directed at LDCs. In this regard, it must be noted that the resources of the Special Measures Fund for the Least Developed Countries (SMF/LDC) have virtually dried up since the Second United Nations Conference on LDCs. The Programme of Action for the LDCs, however, mentions SMF/LDC as being of special interest to these countries. The Governing Council has also repeatedly recommended that the donor community continue to contribute to the Fund, most recently in paragraph 5 of decision 91/16 in which the Council calls upon the donor community to continue its contributions to SMF/LDC and to preserve its viability.

6. The table presents the situation with regard to IPF allocations to LDCs in the various regions. It will be noted that over the two decades since the first programming cycle was started, there has been a progressive increase in the percentage of total IPFs allocated to LDCs. This concentration has taken place in each region, with a larger share of the country IPF currently going to LDCs. At the global level, those countries with per capita income below $750 are currently receiving 87 per cent of UNDP country IPF funds, as against 55 per cent 20 years ago. Of these countries, those that are currently officially designated LDCs are receiving nearly 59 per cent of country IPFs, as against 33 per cent in the first cycle. The decision taken by the Administrator to limit programming to 75 per cent of each country's IPF for the fifth cycle affects each country in the same proportion; this will not change the distribution of the IPF between LDCs and non-LDCs.

IPF allocations to least developed countries, 1972-1996 a/ b/

(Thousands of dollars)

IPF allocation	First cycle 1972-1976	Second cycle 1977-1981	Third cycle 1982-1986	Fourth cycle 1987-1991	Fifth cycle 1992-1996
African LDCs	261 972 (69.23%)	518 528 (76.71%)	671 762 (83.17%)	988 017 (83.95%)	1 338 121 (82.57%)
Asian LDCs	94 093 (27.89%)	248 175 (34.60%)	334 940 (37.26%)	466 035 (39.03%)	550 501 (41.10%)
Arab States LDCs	60 000 (26.97%)	91 700 (35.86%)	90 200 (45.62%)	128 375 (50.34%)	155 998 (57.38%)
Latin American LDCs	11 000 (4.00%)	24 073 (7.82%)	26 125 (12.12%)	45 236 (16.66%)	63 943 (22.43%)
TOTAL	427 065 (32.84%)	882 476 (43.34%)	1 123 027 (51.88%)	1 627 663 (55.25%)	2 108 563 (58.61%)

a/ Figures are for countries currently designated LDCs or "as if" LDCs.

b/ Figures in parentheses represent the percentage of the LDC IPF against the total IPF of the Regional Bureau.

III. AID COORDINATION AND ECONOMIC MANAGEMENT

7. The contribution of UNDP to strengthening the capacity of LDCs to coordinate their external assistance was evaluated in 1990-1991 at the request of the Governing Council; the evaluation report was made available to the Council at its thirty-eighth session (1991). One of the main conclusions in the report is that strengthening the capacity of LDCs to manage their development and coordinate their assistance should be a priority for UNDP, a view that was endorsed by the Council in its decision 91/16. This recommendation is in line with those of the Programme of Action for the least developed countries for the 1990s, which singles out aid coordination and economic management as priority areas for LDCs and for the assistance of the donor community, in particular of UNDP and the SMF/LDC.

8. Over the years, UNDP has developed various instruments in the area of economic management and aid coordination, such as the round-table process, national technical cooperation assessment and programmes (NATCAPs) and the programme approach, many of which were initially developed in LDCs. They have received increased acceptance outside of these countries as their applicability to other types of countries has been recognized. They are, in fact, increasingly used in non-LDCs as well as in LDCs. To facilitate this process of mainstreaming, the staff of the LDC Support and Economic Advisory Unit has been reassigned to the country divisions of the Regional Bureau for Africa, which are now directly responsible for carrying out these activities. To maintain a special focus on LDCs in UNDP, the post of Coordinator of Assistance to the LDCs has been relocated into the Bureau for Programme Policy and Evaluation, with the responsibility of coordinating UNDP activities in all LDCs. While this restructuring will facilitate the mainstreaming of activities and support in the area of aid coordination and economic management to all countries, this particular area will remain a sector of concentration for UNDP activities in LDCs.

A. Strengthening the capacity of LDCs

9. The evaluation referred to above stressed that aid coordination should be seen as an integral part of the overall economic management by LDCs of the resources at their disposal and that, to this extent, there should be full integration of UNDP activities in these areas. The programme approach is in fact the natural instrument for furthering such integration and it has accordingly been adopted in the area of economic management and aid coordination as part of the preparation of the country programmes of many LDCs. Efforts to implement these programmes are already under way in several LDCs. Progress is especially advanced in the Gambia, where UNDP has assisted the Government in preparing its strategy for developing the capacity of its institutions in this area, in the form of an economic management capacity-building programme. The experience of the Gambia constitutes in fact a good example of the synergy that can be achieved by integrating UNDP activities in the area of aid coordination and economic management. The programme approach, which was followed for the preparation of the Gambian programme was closely linked to the other UNDP instruments. The economic management capacity-building programme was presented to the donor community at the round-table conference held in October 1992; its implementation is financially supported by UNDP through the IPF, and it forms

the basis for the technical cooperation programme for economic management prepared under the NATCAP. In Asia, UNDP also plays a substantial role in helping Laos in its economic reform process and is active in strengthening the capacity of the Cambodian administration for economic management.

B. The round-table process

10. A review of UNDP experience with the round-table process in Africa was carried out in 1990. This review has resulted in revised round-table procedures and guidelines, with the aim to make UNDP management of these meetings more effective and structured, thus meeting the call in the Programme of Action for least developed countries in the 1990s for a disciplined, regular dialogue between recipient countries and their development partners at round-table conferences and Consultative Groups. These new procedures have benefited from the views of Resident Representatives and Senior Economists from all LDCs in Africa as well as from representatives of other UNDP Bureaux at a workshop held in Geneva in May 1991. A review of the round-table process in Asia and the Pacific was also undertaken in 1991-1992; its conclusions are in line with those of the review carried out in the Africa region.

11. These reviews have identified as major shortcomings of the round-table process, as it has been carried out in the past: (a) the fact that it was not sufficiently geared towards building the capacity of the recipient countries for economic management and aid coordination and (b) that it was carried out independently of other UNDP activities in the country. Accordingly, the new procedures highlight this capacity-building perspective of the round-table process and urge the priority application of UNDP resources in round-table countries to the strengthening of the country's economic management and aid coordination capacities. They also emphasize the need to incorporate fully the work on round tables into the overall work of the field offices and to have a closer, more cohesive utilization of the different UNDP instruments used at the field level, such as NATCAPs and the country programme.

12. The new procedures and guidelines were presented to African Ministers of Planning and Finance at the Windhoek meeting in November 1991, where they were fully endorsed. In order to minimize costs and the burden implied on Governments and to coordinate more closely among donors, a simpler approach has been worked out for small economies with limited capacity and severe transport constraints, such as those of the Pacific Islands. For reasons of cost-effectiveness, it was agreed that some of the macroeconomic documentation being prepared as part of the normal country work of the Asian Development Bank (AsDB) would be used for round-table conferences.

13. In 1992, UNDP organized successful round-table conferences for Benin, Bhutan, Burundi, Cape Verde, the Gambia, Laos, Rwanda, Sao Tome and Principe, and Yemen. These round-table conferences constituted a forum for debate on national development policies and strategies and provided the Governments concerned with affirmation of the donor community's support. Of particular note in comparison to past round-table conferences are trends towards improved quality of debate, involving a frank exchange of views between donors and the Government on development policies, the increasing attention paid by donors to issues of governance, and the progressively effective role of Governments in the

process, from the preparation of the documentation to managing the dialogue. UNDP has also participated actively in Consultative Groups organized by the World Bank, where it has led the discussions concerning technical cooperation and capacity-building issues whenever appropriate. With regard to Cambodia, in June 1992 UNDP co-chaired with the Government of Japan a Ministerial Conference on the rehabilitation and reconstruction of Cambodia.

C. National technical cooperation assessment and programmes

14. Technical cooperation is of particular importance for LDCs; their need for external assistance to build national capacities for self-sustaining development is greater than that of other developing countries. About one third of all external aid channelled to LDCs has been in the form of technical cooperation in recent years. The magnitude of the resources involved are of macroeconomic significance, often being comparable to the public sector wage bill or export earnings. Yet most recipient LDC Governments do not have well-developed systems to manage technical cooperation, to identify priority objectives for capacity-building and technical cooperation inputs, to negotiate technical cooperation agreements, and to monitor implementation of technical cooperation programmes.

15. Since 1987, an increasing number of countries have embarked on a process to improve the management of technical cooperation, under a programme known as national technical cooperation assessments and programmes. The objective of NATCAPs is to strengthen the capacity of the recipient Government to define its own policy and priorities with regard to technical cooperation. NATCAPs, which were initially started as a process in a few African LDCs, are now a well-established instrument, increasingly used outside of Africa and the LDCs. Nevertheless, out of the 40 countries where NATCAPs are under way, 31 are LDCs or "as if" LDCs. Because the process was started earlier in LDCs, it is also more advanced in these countries. For instance, five of the six countries that have already completed a full NATCAP cycle with the preparation of a technical cooperation programme are LDCs, and 11 of the 12 countries now implementing phase two of this exercise also belong to this category. In Asia, two countries, Bangladesh and Nepal, while not formally implementing NATCAP mechanisms, have carried out similar exercises for technical cooperation needs assessment.

16. An evaluation of the NATCAP programme was carried out in 1990-1991 and presented to the Governing Council. It emphasized the importance of this programme, which responds to a priority need of LDCs and to the comparative advantage of UNDP in the area of coordinating technical cooperation. The evaluation recommended that countries accelerate the pace of implementation. It also noted that an important reason for the insufficient progress achieved was the absence of a clear methodology for preparing technical cooperation programmes (phase II of the NATCAP process) and recommended that UNDP provide more intensive technical support in this area. The recommendations of this NATCAP evaluation have been implemented. In particular, methodological work was carried out to elaborate further the guidelines for the preparation of technical cooperation programmes. Draft guidelines were discussed in the course of a workshop organized in Senegal with the participation of the NATCAP coordinators of some 20 countries. Guidelines for the preparation of technical cooperation programmes have been subsequently finalized and disseminated, together with

similar guidelines for the preparation of the technical cooperation policy framework paper.

17. The discussions held at the Senegal workshop have established that in LDCs where the full NATCAP cycle has been completed, the process has been instrumental in assisting Governments in defining policies for technical cooperation and that the technical cooperation programmes did provide the framework for establishing priorities, negotiating with donors and monitoring the implementation of technical cooperation activities.

18. As noted in the 1991 evaluation, there is, however, a need to accelerate the implementation of the NATCAP exercises in several LDCs where progress has been insufficient so far. While the dissemination of the methodology for the preparation of technical cooperation programmes should now speed up the second phase of NATCAPs in all countries, the key to a more rapid implementation remains the determination of the recipient countries to carry out the process. In this respect, the support of the donor community in each of these countries will be vital. In certain countries, however, there is still a misconception of the NATCAP process as being a UNDP exercise, in spite of the emphasis that UNDP has always put on the need for the recipient Government to internalize and drive the process. Only when this misconception is corrected by all participants in the exercise will it be possible to make more rapid headway in the implementation of the process.

IV. HUMAN DEVELOPMENT

19. Human development, in particular through poverty alleviation, is a major priority for UNDP in all countries, especially LDCs. Support to human development by UNDP in LDCs takes many forms, such as primary health care, rural development and education. Only two aspects are presented here: UNDP cooperation with non-governmental organizations (NGOs) in LDCs and its activities in favour of women in development.

20. UNDP implements or supports a number of projects providing assistance for small-scale activities in LDCs, including activities by NGOs and grass-roots groups that benefit lower-income groups and contribute to poverty alleviation. Through a major initiative called the Partners in Development Programme (PDP), UNDP promotes NGOs and community groups for local development activities; in 1991, the programme was offered in 64 developing countries, including 23 LDCs. Grant-type allocations ($25,000 for non-LDCs and $35,000 for LDCs) were awarded to NGOs involved in community-based self-help initiatives that consist mainly of income-generating activities geared to poverty alleviation. In 1992, through existing PDP mechanisms, the UNCDF initiated a new project to support micro-projects providing grant awards totalling $45,000 per country to small-scale capital projects in nine LDCs.

21. Other examples of UNDP activities with NGOs in LDCs include grass-roots initiatives support funds, which provide support for micro-enterprises generally through revolving fund loans in 12 African countries, including six LDCs or "as if" LDCs (Benin, Lesotho, Mauritania, Senegal, Togo and Zaire) or RAFAD, an African regional project that provides credit and management training for micro-enterprises. In Bangladesh, UNDP is working to improve the participation

of women in the development process through a number of projects that adopt innovative approaches, including cooperation with NGOs such as Shwanirvar, while broader-based NGOs such as the Grameen Bank, the Bangladesh Rural Advancement Committee and Proshika have been cooperating with UNDP in targeted poverty-alleviation activities.

22. A number of UNDP-financed projects designed to promote sustainable development also include strong poverty alleviation elements. Examples include the Africa 2000 Network, a regional undertaking that provides small grants and technical cooperation to community groups and NGOs in nine LDCs, and the new Global Environment Facility (GEF) Small-Grants Programme, which will be initially offered in eight LDCs. A regional project in Africa is promoting collaboration among NGOs, Governments and UNDP by helping to strengthen the capacities of indigenous development NGOs and to promote effective cooperation between NGOs and Governments in implementing development activities. This regional project has provided services to, or supported activities in, 30 African LDCs. Worthy of mention, in Asia, are: (a) the Asia-Pacific 2000 initiative, which provides technical cooperation to community-based organizations and NGOs in 10 countries for the improvement of the environment in poor urban areas; and (b) an initiative on innovative policy approaches to entrepreneurial skills and micro-enterprises development, which provides technical cooperation to micro-enterprises operating in the rural/urban informal sectors in seven countries.

23. New initiatives being started include a regional project to provide financial support and technical cooperation for capacity-building to NGOs concerned with poverty alleviation and survival strategies of the poor in urban areas (Local Initiatives for the Urban Environment, or LIFE), and a global initiative to increase capital assistance in IPF-financed technical cooperation projects. Both initiatives will be offered in LDCs.

24. During the period 1992-1996, UNDP will also support, with funding from Special Programme Resources (SPR), activities to strengthen the capacities of local NGOs mainly in the area of strategic planning and institutional development for the LDCs and "as if" LDCs.

25. As part of the UNDP mandate for mainstreaming gender issues in all technical cooperation, including that for LDCs, the Division of Gender in Development is moving towards expanding its activities to address building national capacities for women in development. UNDP recognizes the need to introduce greater gender-sensitivity in the fifth programming cycle, particularly by way of strengthening field office capacity to prepare gender-sensitive programming exercises. In so doing, UNDP seeks to strengthen women's ability to take part in decisions that affect women and men alike. Gender-training seminars have been carried out at the field level in which both UNDP staff and government officials participated.

26. The United Nations Development Fund for Women (UNIFEM), pioneers new approaches for women's full participation at all levels of the development process. In 1991, UNIFEM programmes in the LDCs involved 25 LDCs and two "as if" LDCs; projects were started for four additional LDCs in 1992. UNIFEM programme resources channelled to LDCs have steadily increased from $277,722 in

1989 and $615,688 in 1990 to $1,096,084 in 1991 and approximately $2.5 million in 1992.

V. CONCLUSIONS

27. While UNDP support to the LDCs includes the whole range of sectors and activities presented in the United Nations Programme of Action for the least developed countries for the 1990s, the area of aid coordination and economic management and that of human development have been recognized as priorities for UNDP, given the particular situation of LDCs. In the area of aid coordination and economic management, UNDP has developed over the years various instruments such as the round-table process, NATCAPs and the programme approach. The challenge of the coming years will be to integrate these several mechanisms into a comprehensive strategy to strengthen the institutions of these countries in charge of defining and implementing their development policies. The situation is somewhat similar with regard to human development. UNDP has traditionally been active in the various sectors that are usually included under the concept of human development. Following the recommendations of the United Nations Programme of Action and in line with the Human Development Report, it now appears necessary to define comprehensive approaches to human development in LDCs. This is the strategy that is being followed by UNDP in a growing number of LDCs and is reflected in the country programmes for them.